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**CHELL INSTRUMENTS  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2023

**BASIS OF PREPARATION**

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Chell Instruments Limited is a private limited company incorporated and domiciled in England and Wales. The address of the registered office is Beacon House, Nuffield Road, Cambridge, CB4 1TF. The financial statements are prepared in sterling and are stated to the nearest £.

**GOING CONCERN**

The Company meets its cash flow and borrowing requirements through loans from other companies within the Group. The Company and SDI Group plc, of which Chell Instruments Limited is a 100% subsidiary, has prepared forecasts for the year to 30 April 2025. These indicate that the Company and Group will continue to trade within existing facilities with scope to further manage its cost base if necessary. The Board are confident that continued focus on research and development, new product development and sales & marketing will deliver growth. They consider that the Company and Group will have adequate cash resources within existing facilities to continue to trade for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**DISCLOSURE EXEMPTIONS ADOPTED**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- 1 A statement of cash flows and related notes
- 2 the requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the Group as they are wholly owned within the Group
- 3 Disclosure of key management personnel compensation
- 4 Capital management disclosures
- 5 Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- 6 The effect of future accounting standards not adopted
- 7 Certain share-based payment disclosures
- 8 Disclosures in relation to impairment of assets
- 9 Disclosures in relation to IFRS 7 Financial Instruments

**REVENUE RECOGNITION**

Revenue is measured by reference to the fair value of consideration received or receivable by the Company, excluding value added tax (or similar local sales tax), in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spare parts, and sales of services, such as non-specialised installation or maintenance work, are assessed to be separate performance obligations.

Revenue is recognised when (or as) the Company satisfies the identified performance obligation. For sales of instruments and spare parts, the performance obligation is satisfied at a point in time; for revenue from services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the Company does not adjust revenue for the effects of financing.

## **CHELL INSTRUMENTS LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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Revenue from sales of instruments and spare parts is recognised at the point at which the customer obtains control of the asset. This is usually when the customer receives the goods or when goods are collected by the customer. Revenue from installations is recognised at the point which the installation is completed. For large, complex instruments which require highly specialised installation, revenue from both the instrument and installation is recognised at the point which installation is completed.

Revenue from maintenance work relates to service visits carried out on equipment provided to customers whereby the performance obligation is to carry out service visits over a period of time. It is a separate, distinct, individually identified performance obligation and is recognised straight-line over the length of the service contract being provided as this reflects the inputs and efforts (service employees) which are expended evenly throughout the performance period (length of the contract).

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The company applies the following rates:

Leasehold property	Over the lease term
Fixtures and fittings	10% - 20% straight line
Motor vehicles	25% straight line

#### **LEASED ASSETS**

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual



## **CHELL INSTRUMENTS LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **FOREIGN CURRENCY**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

#### **PENSION SCHEME CONTRIBUTIONS**

##### *Defined Contribution Scheme*

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### **RESEARCH AND DEVELOPMENT**

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or the intangible asset itself, or, if it is to be used internally, the asset will be used for generating such benefits; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The expenditure capitalised includes direct costs of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite upon completion of the project. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are between three and five years. Until completion of the project the assets are subject to impairment testing.

#### **SHARE OPTIONS**

SDI Group plc issues share options to Group employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense which is written off to the income statement over the vesting period of the option. The amount to be expensed is determined by reference to the fair value of the options at the grant date.

#### **EQUITY**

Equity comprises the following:

- "Called up share capital" represents the nominal value of equity shares.
- "Capital contribution reserve" represents a contribution from the parent entity in relation to equity-settled share-based employee remuneration, where the share options are issued and settled by the parent entity.
- "Share premium" represents the premium on shares issued in excess of nominal value.
- "Profit and loss account" represents all current and prior period retained earnings.

**JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial information in conformity with FRS 101 requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

*There are no critical judgements in applying the company's accounting policies.*

# CHELL INSTRUMENTS LIMITED

## BALANCE SHEET

As at 30 April 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	2	337,529	415,815
Intangible assets	4	-	-
Deferred tax asset	8	3,445	49,952
		<u>340,974</u>	<u>465,767</u>
<b>Current assets</b>			
Stock	5	547,822	357,872
Debtors	6	698,716	1,054,972
Cash at bank and in hand		10,077	10,138
		<u>1,256,615</u>	<u>1,422,982</u>
Creditors: amounts falling due within one year	7	(950,164)	(1,007,276)
Lease liabilities due within one year	3	(73,606)	(83,994)
		<u>(1,023,770)</u>	<u>(1,091,270)</u>
<b>Net current assets</b>		<u>232,845</u>	<u>331,712</u>
<b>Total assets less current liabilities</b>		<b>573,819</b>	<b>797,479</b>
<b>Lease liabilities due after more than one year</b>	3	<b>(127,167)</b>	<b>(200,771)</b>
<b>Provisions for liabilities and charges</b>	8	<b>(31,817)</b>	<b>(33,351)</b>
<b>Net assets</b>		<u><b>414,835</b></u>	<u><b>563,357</b></u>
<b>Capital and reserves</b>			
Called-up share capital	9	52,631	52,631
Capital contribution reserve		65,425	50,409
Share premium		97,954	97,954
Profit and loss account		198,825	362,363
<b>Shareholders' funds</b>		<u><b>414,835</b></u>	<u><b>563,357</b></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to the companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 27/11/2023.



A Sharma  
Finance Director  
Company Number 02693453

The accompanying accounting policies and notes form an integral part of these financial statements.

# CHELL INSTRUMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

### 1 DIRECTORS AND EMPLOYEES

The average number of employees of the Company during the year was:

	2023 Number	2022 Number
Administration	12	13
Production	16	14
Sales & marketing	3	1
Total	<u>31</u>	<u>28</u>

### 2 TANGIBLE FIXED ASSETS

	Right of use assets £	Leasehold property £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 May 2022	440,380	13,872	994,294	2,775	1,451,321
Additions	-	15,066	41,500	-	56,566
Disposals	-	-	-	-	-
<b>At 30 April 2023</b>	<u>440,380</u>	<u>28,938</u>	<u>1,035,794</u>	<u>2,775</u>	<u>1,507,887</u>
<b>Depreciation</b>					
At 1 May 2022	171,916	2,175	858,640	2,775	1,035,506
Charge for year	71,964	5,604	57,284	-	134,852
Disposals	-	-	-	-	-
<b>At 30 April 2023</b>	<u>243,880</u>	<u>7,779</u>	<u>915,924</u>	<u>2,775</u>	<u>1,170,358</u>
<b>Net book value</b>					
<b>At 30 April 2023</b>	<u>196,500</u>	<u>21,159</u>	<u>119,870</u>	<u>-</u>	<u>337,529</u>
At 30 April 2022	<u>268,464</u>	<u>11,697</u>	<u>135,654</u>	<u>-</u>	<u>415,815</u>

### 3 LEASES

Lease liabilities are presented in the balance sheet as follows:

	2023 £	2022 £
Due within one year	73,606	83,994
Due after more than one year	<u>127,167</u>	<u>200,771</u>
	<u>200,773</u>	<u>284,765</u>

The Company has leases for the main warehouse, office and motor vehicle. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its tangible fixed assets (see note 2).

## CHELL INSTRUMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

#### 3 LEASES (CONTINUED)

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Furthermore, the Company must insure items of plant and machinery & motor vehicles and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Total contractual undiscounted lease liabilities at 30 April 2023 were as follows:

	2023	2022
	£	£
Within one year	78,561	78,561
Within two to five years	130,680	209,240
Total undiscounted lease liabilities	<u>209,241</u>	<u>287,801</u>

#### Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 April 2023 the Company had not committed to any leases which had not yet commenced.

#### 4 INTANGIBLE ASSETS

	Goodwill
	£
<b>Cost</b>	
At 1 May 2022	50,000
Additions	-
Disposals	-
<b>At 30 April 2023</b>	<u>50,000</u>
<b>Amortisation</b>	
At 1 May 2022	50,000
Charge for the year	-
Disposals	-
<b>At 30 April 2023</b>	<u>50,000</u>
<b>Net book value</b>	
<b>At 30 April 2023</b>	<u>-</u>
At 30 April 2022	<u>-</u>

# CHELL INSTRUMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

### 5 STOCKS

	2023 £	2022 £
Work in progress	133,174	113,666
Finished goods	414,648	244,206
Total	<u>547,822</u>	<u>357,872</u>

### 6 DEBTORS

	2023 £	2022 £
Trade debtors	410,260	515,803
Amounts owed by Group undertakings	100,211	489,189
Prepayments & accrued income	188,245	49,980
	<u>698,716</u>	<u>1,054,972</u>

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	281,056	313,323
Social security and other taxes	151,975	161,452
Accruals and deferred income	401,696	513,451
Corporation tax	114,040	16,966
Other creditors	1,397	2,084
	<u>950,164</u>	<u>1,007,276</u>

### 8 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below:

	Asset		Liability	
	2023 £	2022 £	2023 £	2022 £
Deferred taxation brought forward	49,952	30,397	(33,351)	(25,768)
Credited/(charged) to the income statement	(14,231)	8,355	1,534	(7,583)
Credited/(charged) to equity	(32,276)	11,200	-	-
Deferred taxation carried forward	<u>3,445</u>	<u>49,952</u>	<u>(31,817)</u>	<u>(33,351)</u>
Analysed as follows:				
Timing differences on fixed assets	-	-	(31,187)	(33,351)
Share based payments	-	44,877	-	-
Provisions	3,445	5,075	-	-
Deferred taxation carried forward	<u>3,445</u>	<u>49,952</u>	<u>(31,817)</u>	<u>(33,351)</u>

## CHELL INSTRUMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

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#### 9 SHARE CAPITAL

	2023	2022
	£	£
<b>Authorised</b>		
614,474 Ordinary shares, 10,526 E shares & 375,000 Preference shares at £1 each (2022: 614,474 Ordinary shares, 10,526 E shares & 375,000 Preference shares at £1 each)	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
42,105 Ordinary shares, 10,526 E shares (2022: 42,105 Ordinary shares, 10,526 E shares)	<u>52,631</u>	<u>52,631</u>

#### 10 RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

#### 11 PARENT UNDERTAKING AND CONTROL

100% of the issued share capital of Chell Instruments Limited is owned by SDI Group plc, a company incorporated in England and Wales, listed on the AIM market of the London Stock Exchange. Group accounts are available from [www.sdigroup.com](http://www.sdigroup.com).

#### 12 AUDITOR INFORMATION

The company has taken advantage of the small company provisions to file a balance sheet and related notes. The full annual accounts and directors' report have been subject to audit. The auditor's report was issued on 28 November 2023 by Grant Thornton UK LLP, signed by Stephen Wyborn as the senior statutory auditor. The auditor's report was unqualified and did not include a statement under section 498(2) or section 498(3) of the Companies Act 2006.